

SECRET/NO FOREIGN DISSEM

51-3

13 APR 1965

MEMORANDUM FOR: Mr. Robert B. Wright
 Director, Mutual Defense Control Staff
 Department of State
 Room 3531C

SUBJECT: Transmittal of Memorandum on the Ability of North Vietnam to Shift Current Seaborne Trade to Railroad Transport

1. The attached memorandum on the Ability of North Vietnam to Shift Current Seaborne Trade to Railroad Transport is submitted in response to your verbal request.

2. In this memorandum we estimated that the North Vietnamese railroad line that connects with the main railroad network of Communist China has the capability of carrying traffic equal to the tonnage of estimated seaborne imports into North Vietnam for 1964 in addition to imports currently being received by rail. The shifting of petroleum imports from sea to rail transport, however, might cause problems because of a shortage of narrow-gauge tank cars. Furthermore, North Vietnamese railroads would not be able to transport the additional tonnage that they would be required to carry if exports, currently shipped by sea, were forced to move by rail.

3. Apart from considerations of the operational capacity of the North Vietnamese railroads, however, there are cost considerations which would reduce the volume of exports and might reduce the volume of imports in the event that ports in North Vietnam were subjected to a blockade. The cost of the added rail haul from Fort Bayard, the Chinese port nearest to North Vietnam, might make prohibitive the price of some of the goods currently imported into North Vietnam by sea. It appears also that certain low-value, high-volume, mineral exports could not be competitively priced compared with world market prices if the cost of the long rail haul to Fort Bayard were added to the cost of export by sea.

FOR THE ASSISTANT DIRECTOR, RESEARCH AND REPORTS:

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Chief, Economic Research Area

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